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Attorney Docket No. : 10251-027

A marked up version of the amended paragraphs of the specification is enclosed with this Amendment in accordance with 37 C.F.R. 1.121(b)(iii).

REMARKS

Amendments are being made to the specification to correct typographical errors, stemming from a printing error. Specifically, the Euro symbol, €, was generally replaced with a box, □, upon printing of the specification. Accordingly, it is submitted that no new matter is added.

In light of the foregoing amendments and remarks, the application is now believed to be in proper format for allowance of all claims and a notice to that effect is earnestly solicited.

Respectfully submitted,
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Amended Paragraphs of the Specification

Marked-Up Version

Paragraph 0007, should read:

--[0007] Consider the case where Yahoo! Italy posts prices in Euros, presumably because the users of Yahoo! Italy reside in Italy or an European Community country. To the extent that another currency is displayed (say U.S. dollars), the conversion rates will likely not represent current market rates. Assume that the current foreign exchange rate for the Euro is \$ 0.89 U.S. = [] €1 Euro. However, a Yahoo! tee-shirt is being sold for either \$15 U.S. or 13.55 Euro. This implies that \$1.107 U.S. = [] €1 Euro, which will be assumed to have been the exchange rate when Yahoo! originally posted its price for the subject tee-shirts. The proper price of the tee-shirt, given current rate, would be either \$12.06 and €13.55, or \$15.00 and €16.85. However, the exchange rate used by Yahoo! is stale, as the Euro lost value to the U.S. dollar.--

Paragraph 0008, should read:

--[0008] As illustrated above, vendors who sell goods and services in a variety of currencies are vulnerable to stale foreign exchange rates. If Yahoo! sells 100,000 tee-shirts in Europe at €13.55 Euro, and exchanges the Euro into U.S. dollars at the market exchange rate, then they will have incurred a loss of \$3 per tee shirt (\$300,000 total) due to stale foreign exchange rates. Accordingly, to limit its foreign exchange exposure, the vendor may periodically sell its foreign currency in exchange for its own

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currency. This is referred to as foreign exchange "hedging." When and how much to foreign currency to exchange at any time may be decided by the vendor's hedging policies or rules.--

Paragraph 0015 should read:

--[0015] FIG 1 shows a schematic representing an example of an e-commerce transaction and an independent foreign exchange hedging transaction. Assume for FIG 1 that S (a seller of widgets) operates in currency \$. B (a buyer) operates in currency €. B goes to S's website to buy 1000 widgets. B only has a € bank account. S has a preferred FX rate provider S which offers €/ \$ trading capability. S also has a "nostro" bank 58, where S holds nostro accounts in both € and \$. A nostro account is a foreign currency current account that is used to receive and pay currency assets and liabilities potentially denominated in a currency other than that of the country in which the bank is resident. Assume at the time of the transaction, the foreign exchange is $\text{€}1.1 = \$1$.--

Paragraph 0016 should read:

--[0016] In Step 10, S's treasury department 18 monitors the foreign exchange market and the transaction flow from its website 28 independently from each other. In Step 20, the treasury department 18 intermittently updates the foreign selling price of goods on S's website 28, based on the market exchange rate. In Step 30, S displays the prices of his widgets in [] €, which B views on his computer 38. In Step 40, B purchases 1000 widgets. The transaction record is passed to the treasury department 18 at Step 50.

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In Step 60, B instructs his bank 48 to pay [□] €1,100 to S's bank 58. B's bank 48 pays [□] €1,100 to S's nostro bank 58 at Step 70. At this point, this transaction has been processed and aggregated with past transactions. The treasury department decides if and when a hedging foreign exchange transaction is required. If they decide to execute a foreign exchange transaction, Steps 80 through 110 occur as follows.--

Paragraph 0017 should read:

--[0017] In Step 80, an instruction is sent from the treasury department 18 to S's chosen FX rate provider 5. The rate provider 5 then executes a foreign exchange transaction with S's nostro bank 58. Specifically, S's [□] € account at nostro bank 58 pays €1,100 to the rate provider 5 at Step 90. In Step 100, S's chosen rate provider 5 pays \$1,000 to S's \$ account at nostro bank 58. Lastly, in Step 110, an FX confirmation is sent to S's operations department 68.--

Paragraph 0038 should read:

--[0038] FIG 2 schematically illustrates an embodiment of the automated e-commerce and hedging transaction, in accordance with the present invention. As with FIG 1, assume that S (seller of widgets) operates in currency \$. B (buyer) operates in currency €. B goes to S's website to buy 1000 widgets. B only has a € bank account. S has a preferred FX rate provider 5 which offers €/ \$ trading capability. FX rate providers include, but are not limited to: 1) a multibank website that offers the customer access to multiple banks, such as Atriaux, Currenex, and FXall; 2) a web service offering a live

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foreign exchange rate stream and an execution service at the published rates; and 3) the website of an individual bank offering live rates and execution capability. S also has a "nostro" bank 58, where S holds nostro accounts in both [] € and \$. Again, assume at the time of the transaction, the foreign exchange is [] €1.1 = \$1.--

Paragraph 0039 should read:

--[0039] In Step 210, S's chosen FX rate provider 5 streams market [] €/ \$ rates to the FX Hedger module 15. In Step 220, the FX hedger engine 15 adjusts the frequency and bid offer spread of the streamed [] €/ \$ prices and forwards the stream to S's portal (a website) 28, based on pricing rules discussed in detail below. In other words, the FX hedger transfers public price data streams to update the current foreign price of the goods. Portal 28 is preferably a business-to-business (B2B) portal which is a third-party website (e.g., an online marketplace, such as eSteel, Covisint, Converge, and PlasticsNet) or an individual customer's website, where the customer can buy or sell goods. A B2B portal may also be the buyer's website, where the seller can sell goods directly to the purchaser.--

Paragraph 0040 should read:

--[0040] Returning to FIG 2, S displays the prices of his widgets in [] €, at Step 230. Buyer B then purchases 1000 widgets at Step 240. In Step 250, the transaction record is passed, as a business transaction stream, to the FX hedger engine 15. In Step 260, B instructs his bank 48 to pay [] €1,100 to S's bank. B's bank 48 pays [] €1,100

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to S's nostro bank 58 at Step 270. At this point, the FX hedger engine processes and aggregates this transaction with past transactions. If the thresholds or hedging criteria defined by S have been reached (based on received hedging rules), Steps 280 through 310 occur as follows.--

Paragraph 0041 should read:

--[0041] In Step 280, an instruction is automatically sent from the FX hedger 15 to S's selected FX rate provider 5. The FX provider 5 then executes a foreign exchange transaction with S's nostro bank 58. Specifically, S's [] € account at nostro bank 58 pays [] €1,100 to FX provider 5 at Step 290. In Step 300, FX provider 5 pays \$1,000 to S's \$ account at nostro bank 58. Lastly, in Step 310, an FX confirmation is sent to S's operations department 68.--

Paragraph 0048 should read:

--[0048] To illustrate hedging and pricing rules, consider the following example. Assume that a U.S. based customer, who manufactures and sells goods in Europe, wishes to receive remuneration in U.S. currency. The foreign exchange rate (EURUSD fx rate), as received from the customer's FX provider is the number of U.S. dollars (USD) that is equal to 1€(EUR). Let us also assume that the customer has set the pricing and hedging rules as follows:

Pricing

- a) set selling price = price in USD / (0.95 * EURUSD fx rate)

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- b) update selling price whenever EURUSD fx rate has moved +2% or -2% from the last update

Hedging

- a) when sales in EUR reach 100,000 EUR, sell accumulated EUR revenues, and buy USD at the prevailing exchange rate.
- b) if the EURUSD exchange rate has moved -2% since the last hedge, sell accumulated EUR revenues, and buy USD at the prevailing exchange rate.--

Paragraph 0049 should read:

—[0049] Now consider a product that the customer wishes to sell for \$30,000 USD.

Below is a series of fluctuating EURUSD fx rates and sales, and the resulting hedge transactions:

- Assume that the EURUSD fx rate begins at 0.8

- Pricing rule a) applies, so selling price is now calculated using $fx = (0.8 * 0.95) =$

0.76

- Assume customer sells 3 items, each at $\$30,000 * 3 / 0.76 = \text{€}118,421 \text{ EUR}$

- Hedging rule a) applies, and instruction is sent to the FX provider to sell

€118,421

- Since the EUR is at 0.8, \$94,737 USD is realized, yielding a \$4,737 foreign

exchange profit

- Now customer sells 2 items, each at $\$30,000 * 2 / 0.76 = \text{€}78,947 \text{ EUR}$

- Assume EURUSD FX rate lowers to 0.78

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•Pricing rule b) applies, so selling price now calculated using $FX = (0.78 * 0.95)$
 $= 0.741$

•Hedging rule b) applies, and instruction is sent to the FX provider to sell
€78,947

•Since the EUR is at 0.78, \$61,579 USD is realized, yielding a \$1,579 foreign
exchange profit

•Now customer sells 2 items, each at $\$30,000 * 2 / 0.741 = \underline{\text{€}80,972}$ EUR

•Assume EURUSD FX rate lowers to 0.76

•Pricing rule b) applies, so selling price now calculated using $fx = (0.76 * 0.95) =$
0.722

•Hedge rule b) applies, and instruction is sent to the FX provider to sell €80,972

•Since the EUR is at 0.76, \$61,538 USD is realized, yielding a \$1,538 foreign
exchange profit

•Assume EURUSD FX rate lowers to 0.75

•Now customer sells 3 items, each at $30,000 * 3 / 0.722 = [\square]\underline{\text{€}124,654}$ EUR

•Hedging rule a) applies, and instruction is sent to the FX provider to sell
€124,654

•Since the EUR is at 0.75, \$93,490 USD is realized, yielding a \$3,490 FX profit

In summary, for the above series, the total U.S. dollar sales equaled \$300,000; however,
the total U.S. dollar revenue equaled \$311,345, yielding a total \$11,345 foreign exchange
profit. Compare this with the earlier Yahoo! example, which incurred a substantial
foreign exchange loss.—